

ICAD INC  
Form 3  
May 16, 2006

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *		2. Date of Event Requiring Statement	3. Issuer Name and Ticker or Trading Symbol	
Ferry Kenneth M		(Month/Day/Year)	ICAD INC [icad]	
(Last)	(First)	(Middle)	05/15/2006	
C/O ICAD INC., 4			4. Relationship of Reporting Person(s) to Issuer	5. If Amendment, Date Original Filed(Month/Day/Year)
TOWNSEND WEST, SUITE 17			(Check all applicable)	
(Street)			<input checked="" type="checkbox"/> Director	<input type="checkbox"/> 10% Owner
NASHUA, NH 03063			<input checked="" type="checkbox"/> Officer	<input type="checkbox"/> Other
(City)	(State)	(Zip)	(give title below)	(specify below)
			President, CEO	
			6. Individual or Joint/Group Filing(Check Applicable Line)	
			<input checked="" type="checkbox"/> Form filed by One Reporting Person	
			<input type="checkbox"/> Form filed by More than One Reporting Person	

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	

(Instr. 5)

Employee Stock Option (right to buy)	Â (1)	03/15/2011	Common Stock	800,000	\$ 1.59	D	Â
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## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Ferry Kenneth M C/O ICAD INC. 4 TOWNSEND WEST, SUITE 17 NASHUA, NH 03063	Â X	Â	Â President, CEO	Â

## Signatures

/s/ Annette Heroux, Attorney-in-Fact	05/16/2006
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\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

The options become exercisable as to (i) 160,000 shares on May 15, 2006, (ii) an additional 160,000 shares on December 31, 2006; (iii) an additional 160,000 shares on May 15, 2007; (iv) an additional 160,000 shares on May 15, 2008 and (v) an additional 160,000 shares on May 15, 2009. Vesting of the options accelerates as to the 160,000 shares to which the options become exercisable as the latest date (to

- (1) the extent any such shares remain unvested at the time), upon the closing sale price of the Company's common stock for a period of twenty (20) consecutive trading days exceeding (i) 200% of the exercise price of the per share of the options; (ii) 300% of the exercise price per share of the options or (iii) 400% of their exercise price per share of the options. The unvested portion of these options will automatically vest if Mr. Ferry's employment is terminated without cause within six (6) months of a change in control.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.